

**EAST ALLEN PARISH
WATERWORKS DISTRICT**
Oberlin, Louisiana

Financial Report

Year Ended December 31, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/20/01 *

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
East Allen Parish Waterworks District
Oberlin, Louisiana

We have audited the accompanying basic financial statements of the East Allen Parish Waterworks District (District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2000. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the basic financial statements, the District adopted Governmental Accounting Standards Board Statement No. 34 as of and for the year ended December 31, 2000.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the East Allen Parish Waterworks District, as of December 31, 2000, and the results of its operations and the cash flows of its business type activity for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 8, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

The Management's Discussion and Analysis on pages 4-6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the East Allen Parish Waterworks District taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the East Allen Parish Waterworks District. Such information, except for the portion marked "Unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to such basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
May 8, 2001

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Management's Discussion And Analysis (Unaudited)

Our discussion and analysis of East Allen Parish Waterworks District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2000. Please read it in conjunction with the District's basic financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- a) The District's net assets remained virtually unchanged as a result of this year's operations.
- b) The District's expenses exceeded revenues by \$6,095 for the year ended December 31, 2000.
- c) Cash and cash equivalents increased by \$35,876 for the year ended December 31, 2000.

USING THIS ANNUAL REPORT

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and *supplementary information*. The basic financial statements consist of the fund financial statements and the notes to the financial statements. The fund financial statements focus on individual parts of the District, offering short- and long-term financial information about the activities that the government operates *like businesses*.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net assets were virtually unchanged between the fiscal years 1999 and 2000 – remaining at approximately \$1.8 million. Our analysis below focuses on the net assets (Table 1) and the changes in net assets (Table 2) of the District's business-type activities.

TABLE 1
NET ASSETS

	<u>1999</u>	<u>2000</u>	<u>% Change</u>
Current and other assets	\$ 305,872	\$ 339,201	10.9%
Capital assets	<u>2,058,357</u>	<u>1,986,741</u>	-3.5%
Total assets	2,364,229	2,325,942	-1.6%
Long-term debt outstanding	538,992	505,476	-6.2%
Other liabilities	<u>58,011</u>	<u>59,335</u>	2.3%
Total liabilities	597,003	564,811	-5.4%

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Management's Discussion And Analysis (Unaudited) (Continued)

TABLE 1
NET ASSETS (CONTINUED)

Net assets			
Invested in capital assets, net of related debt	2,962,156	2,883,859	-2.6%
Restricted for debt service	76,052	89,803	18.1%
Unrestricted	(1,310,180)	(1,212,531)	7.5%
Total net assets	<u>\$1,728,028</u>	<u>\$1,761,131</u>	1.9%

Net assets of the District increased by 1.9%. Net assets are restricted as to the purposes they can be used for or are invested in capital assets (buildings, water equipment, etc.). Consequently, unrestricted net assets were a \$1,212,531 deficit at the end of 2000. This deficit reflects the District's long-term investment in its fixed assets that far exceeds income from operations on an annual basis; however annual income is sufficient to meet current expenses and pay down on debt associated with fixed assets.

TABLE 2
CHANGES IN NET ASSETS

	<u>1999</u>	<u>2000</u>	<u>% Change</u>
Revenues:			
Operating -			
Charges for services	\$ 255,937	\$ 269,012	5.1%
Nonoperating -			
Interest	<u>6,693</u>	<u>7,150</u>	6.8%
Total revenues	<u>262,630</u>	<u>276,162</u>	5.2%
Expenses:			
Operating	241,055	249,747	3.6%
Nonoperating -			
Interest	<u>29,068</u>	<u>32,510</u>	11.8%
Total expenses	<u>270,123</u>	<u>282,257</u>	4.5%
Change in net assets	(7,493)	(6,095)	18.7%
Add depreciation on fixed assets acquired by federal grant revenues	<u>39,198</u>	<u>39,198</u>	-
Increase in net assets	<u>\$ 31,705</u>	<u>\$ 33,103</u>	4.4%

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Management's Discussion And Analysis (Unaudited) (Continued)

The District's total revenues increased by 5.2% from \$262,630 in 1999 to \$276,162 in 2000 primarily due to more customers. Total expenses increased 4.5% from \$270,123 in 1999 to \$282,257 in 2000 primarily because of increases in salaries, interest and utility expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2000, the District had \$2,921,942 invested in a broad range of capital assets, including buildings, water lines, and furniture and fixtures. This amount remained unchanged during 2000. There were no additions or deletions to capital assets during 2000.

Debt

At December 31, 2000, the District had \$569,000 in bonds outstanding versus \$604,000 at December 31, 1999.

TABLE 3
OUTSTANDING DEBT AT YEAR-END

	<u>1999</u>	<u>2000</u>	<u>% Change</u>
Water revenue refunding bonds:			
Long-term	\$ 569,000	\$ 533,000	-6.3%
Current	<u>35,000</u>	<u>36,000</u>	2.9%
Total	604,000	569,000	-5.8%
 Less unamortized deferred loss on early retirement of debt	 <u>(30,008)</u>	 <u>(27,524)</u>	 8.3%
	<u>\$ 573,992</u>	<u>\$ 541,476</u>	-5.7%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the East Allen Parish Waterworks District Office, Oberlin Louisiana.

BASIC FINANCIAL STATEMENTS

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities (payable from current assets) -

Accounts payable	\$ 1,845
Accrued liabilities	<u>1,535</u>
Total current liabilities (payable from current assets)	<u>3,380</u>

Current liabilities (payable from restricted assets) -

Revenue bonds payable	36,000
Interest payable	12,447
Customer's deposits	<u>6,783</u>
Total current liabilities (payable from restricted assets)	<u>55,230</u>

Noncurrent liabilities -

Revenue bonds payable	505,476
Compensated absences payable	<u>725</u>
Total noncurrent liabilities	<u>506,201</u>

Total liabilities	<u>564,811</u>
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Net Assets:

Invested in capital assets, net of related debt

2,883,859

Restricted for debt service

89,803

Unrestricted

(1,212,531)

Total net assets	<u>1,761,131</u>
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Total liabilities and net assets	<u><u>\$2,325,942</u></u>
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EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana
Proprietary Fund Type-Enterprise Fund
Utility Fund

Statement of Revenues, Expenses and
Changes in Net Assets
Year Ended December 31, 2000

Operating revenues:	
Charges for services -	
Water sales	\$ 257,032
Penalties	4,438
Miscellaneous	7,542
Total operating revenues	<u>269,012</u>
Operating expenses:	
Salaries	85,040
Payroll taxes	912
Insurance	11,302
Office expenses	2,983
Telephone and utilities	23,736
Uniforms	1,192
Supplies and parts	19,018
Licensing fees	439
Amortization	1,541
Depreciation	71,615
Safe drinking water fee	2,457
Professional fees	5,083
Maintenance and repairs	7,341
Retirement expenses	3,514
Travel expenses	10,938
Miscellaneous expenses	2,636
Total operating expenses	<u>249,747</u>
Operating income	<u>19,265</u>
Nonoperating revenues (expenses):	
Interest income	7,150
Interest expense and other fiscal charges	(32,510)
Total nonoperating expenses	<u>(25,360)</u>
Change in Net Assets	(6,095)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>39,198</u>
Increase in net assets	33,103
Net assets, beginning	<u>1,728,028</u>
Net assets, ending	<u>\$1,761,131</u>

The accompanying notes are an integral part of this statement.

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana
Proprietary Fund Type-Enterprise Fund
Utility Fund

Statement of Cash Flows
Year Ended December 31, 2000

Cash flows from operating activities:	
Receipts from customers	\$ 275,037
Payments to suppliers	(92,136)
Payments to employees	(84,840)
Net cash provided by operating activities	<u>98,061</u>
Cash flows used by capital and related financing activities:	
Proceeds from meter deposits	1,475
Interest and fiscal charges paid on revenue bonds	(30,792)
Principal paid on revenue bonds	(35,000)
Net cash used by capital and related financing activities	<u>(64,317)</u>
Cash flows from investing activities:	
Redemptions of certificates of deposits	100,159
Purchases of certificates of deposits	(105,116)
Interest received on interest-bearing deposits	7,089
Net cash provided by investing activities	<u>2,132</u>
Net increase in cash and cash equivalents	35,876
Cash and cash equivalents, beginning of period	<u>162,175</u>
Cash and cash equivalents, end of period	<u><u>\$ 198,051</u></u>

(continued)

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana
Proprietary Fund Type-Enterprise Fund
Utility Fund

Statement of Cash Flows (Continued)
Year Ended December 31, 2000

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 19,265
Adjustments to reconcile operating income to net cash provided by operating activity:	
Depreciation	71,615
Amortization	1,541
Change in assets and liabilities	
Receivables, net	6,025
Accounts and other payables	(455)
Accrued expenses	<u>70</u>
Net cash provided by operating activities	<u><u>98,061</u></u>

The accompanying notes are an integral part of this statement.

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The East Allen Parish Waterworks District (the District), which is a component unit of the Allen Parish Police Jury, was created under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing water to the rural areas of East Allen Parish. The District is governed by a board of commissioners composed of seven members appointed by the Allen Parish Police Jury.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 in accounting and reporting for its proprietary fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussions and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

This and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The District has elected to implement the general provisions of the Statement in the current year.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report is comprised of a proprietary fund that is administered by the District's board of commissioners and controlled by the Allen Parish Police Jury. The accompanying financial statements present information only on the proprietary fund maintained by the District and do not present information on the Allen Parish Police Jury and the general governmental services provided by that governmental unit.

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements (Continued)

B. Fund Accounting

The accounts of the District are organized on the basis of a proprietary fund, of which there exists only an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility System and Improvements	25-50 years
Equipment	5 years

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at December 31, 2000.

E. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements (Continued)

F. Bad Debts

Through the establishment of an allowance account, uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables at December 31, 2000 was \$190.

G. Vacation and Sick Leave

The District allows one week paid vacation after one year as a full-time employee. Additionally, the District allows employees to take time off (comp time) in lieu of payment for overtime hours. It is the District's policy to carry over comp time and pay it at termination if the employee has not used it all through time off. Vacation normally is taken in the year accrued, however it may be carried over if not taken. Sick leave may be carried over with no restrictions but is not payable at termination of employment and is recorded as an expense of the period in which paid. As of December 31, 2000, the liability for accrued comp time and accrued vacation was \$725.

H. Capitalization of Interest Expense

It is the policy of the East Allen Parish Waterworks District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. At December 31, 2000, there was no capitalized interest expense recorded due to immateriality.

I. Net Assets

Net assets is the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the law of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2000, the District had cash and interest-bearing deposits (book balances) totaling \$303,167, as follows:

Demand deposits	\$ 59,801
Time deposits and money market accounts	243,366
	<u>\$303,167</u>

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2000 were secured as follows:

Bank balances	<u>\$ 304,200</u>
Federal deposit insurance	260,833
Pledged securities (Category 3)	<u>43,367</u>
Total federal insurance and pledged securities	<u>\$ 304,200</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

(3) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31, 2000:

Revenue bond and interest sinking account	\$ 71,370
Revenue bond reserve account	9,669
Revenue bond contingency account	57,211
Customer deposits	<u>6,783</u>
Total restricted assets	<u>\$ 145,033</u>

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(4) Fixed Assets

A summary of proprietary fund type property, plant and equipment at December 31, follows:

	Beginning Balance 1/1/00	Increases	Decreases	Ending Balance 12/31/00
Capital Assets not being depreciated:				
Land	\$ 22,937	\$ -	\$ -	\$ 22,937
Other capital assets:				
Buildings	331,162	-	-	331,162
Furniture, fixtures and equipment	50,500	-	-	50,500
Water system	2,517,343	-	-	2,517,343
Total other capital assets at historical cost	2,899,005	-	-	2,899,005
Less: Accumulated depreciation for				
Buildings	(160,795)	(13,404)	-	(174,199)
Furniture, fixtures and equipment	(38,731)	(6,653)	-	(45,384)
Water system	(664,060)	(51,558)	-	(715,618)
Total accumulated depreciation	(863,586)	(71,615)	-	(935,201)
Other capital assets, net	2,035,419	(71,615)	-	1,963,804
Business-type activities capital assets, net	<u>\$ 2,058,356</u>	<u>\$ (71,615)</u>	<u>\$ -</u>	<u>\$ 1,986,741</u>

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2000:

	Water Revenue Refunding Bonds
Long-term debt payable at December 31, 1999	\$ 604,000
Long-term debt issued	-
Long-term debt retired	<u>(35,000)</u>
Long-term debt payable at December 31, 2000	<u>\$ 569,000</u>
Portion of Long-term debt due within one year	<u><u>\$ 36,000</u></u>

Long-term debt payable at December 31, 2000 is composed of the following individual issue:

Utility Revenue Bonds:

\$621,000 Water Revenue Refunding Bonds, Series 1998, due in annual installments of \$35,000 - \$60,000 through February 1, 2012; interest at 5.25 percent	\$ 569,000
Less unamortized deferred loss on early retirement of debt	<u>(27,524)</u>
	<u><u>\$ 541,476</u></u>

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements (Continued)

The annual requirements to amortize all debts outstanding at December 31, 2000, including interest payments of \$194,906 are as follows:

	Water Refunding Bonds
2001	\$ 64,928
2002	64,985
2003	64,938
2004	64,785
2005	64,528
2006-2010	318,838
2011-2012	<u>120,904</u>
Total	<u>\$ 763,906</u>

(6) Flow of Funds; Restrictions on Use - Utility Revenues

Under the terms of the bond indenture on the \$621,000 water utility revenue refunding bonds dated August 1, 1998, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds.

Each month there will be set aside into a "Waterworks Revenue Bond and Interest Sinking Fund" an amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due, and may be used only for such payment.

Funds will also be set aside into a "Waterworks Depreciation and Contingency Fund" of five percent per annum of the amount paid into the sinking fund. Monies in this fund shall be used to pay the major repairs due to damage caused by unforeseen catastrophe and for replacements made necessary by the depreciation of the system.

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements (Continued)

All of the revenues received in any fiscal year and not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose.

The East Allen Parish Waterworks District was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2000.

(7) Retirement Commitments

The District employees have elected not to be included in the Social Security System but do pay medicare taxes. The District and its employees contribute a percentage of each employee's salary to medicare (1.45 percent contributed by the District and 1.45 percent by each employee). The District's contribution during the year ended December 31, 2000 amounted to \$921.

East Allen Parish Waterworks District employees contribute to a group deferred nonparticipating tax sheltered annuity policy. The District pays 70 percent and each employee 30 percent of the monthly premium. Monthly premiums are based on each employee's age, length of employment and salary. The District's contribution to this plan during the fiscal year ended December 31, 2000 amounted to \$3,514. Neither the District nor its employees are obligated to make contributions and the District has no further liability to the annuity plan. Data concerning the actuarial status of the plan are not available.

(8) Pending Litigation

There is no litigation pending against the East Allen Parish Waterworks District at December 31, 2000.

(9) Contributed Capital

Amounts contributed to enterprise funds for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital, generated through grants externally restricted for capital acquisitions, is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This amortization is shown as a reduction of changes in net assets and is reflected as an adjustment to net assets on the Statement of Revenues, Expenses, and Changes in Net Assets.

EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Notes to Financial Statements (Continued)

The sources of contributed capital used to acquire and construct facilities for the enterprise fund are as follows:

	<u>Grants</u>	<u>Customers</u>	<u>Total</u>
Total contributed capital	\$ 1,935,000	\$ 68,674	\$ 2,003,674
Less: Accumulated amortization	<u>(565,081)</u>	<u>-</u>	<u>(565,081)</u>
Net contributed capital	<u>\$ 1,369,919</u>	<u>\$ 68,674</u>	\$ 1,438,593
Net assets invested in capital assets			<u>1,445,266</u>
Net assets invested in capital assets, net of related debt			<u>\$ 2,883,859</u>

(10) Compensation of Board Members

A detail of compensation paid to the President of the Board and board members for the year ended December 31, 2000 follows:

Pearl Shuff, President	\$ 1,080
Board members:	
Benton Smith	1,020
Malcolm Bertrand	1,020
Essie Victorian	1,020
Joseph Fontenot	360
J.D. Langley	1,080
Paul Young	<u>1,080</u>
	<u>\$ 6,660</u>

11) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year.

SUPPLEMENTARY INFORMATION

**COMPLIANCE
AND
INTERNAL CONTROL**

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Commissioners
East Allen Parish Waterworks District
Oberlin, Louisiana

We have audited the basic financial statements of the East Allen Parish Waterworks District (District), a component unit of the Allen Parish Police Jury for the year ended December 31, 2000, and have issued our report thereon dated May 8, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 00-1 (IC).

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
May 8, 2001

OTHER SUPPLEMENTARY INFORMATION

EAST ALLEN PARISH WATERWORKS DISTRICT

Oberlin, Louisiana

Enterprise Fund

Utility Fund

Schedule of Number of Utility Customers

(Unaudited)

December 31, 2000

Records maintained by the East Allen Parish Waterworks District indicated the following number of customers were being serviced during the month of December, 2000:

Water (metered)	845
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EAST ALLEN PARISH WATERWORKS DISTRICT
Oberlin, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 2000

Fiscal Year		Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Finding Initially Occurred	Ref. No.					
CURRENT YEAR (12/31/00) --						
<u>Internal Control:</u>						
Unknown	00-1(IC)	Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Chyralyn Hebert, Clerk	N/A
PRIOR YEAR (12/31/99) --						
<u>Internal Control:</u>						
Unknown	99-1(IC)	Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Chyralyn Hebert, Clerk	N/A